No. 3824.

United States Circuit Court of Appeals

For the Ninth Circuit.

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CENTRAL CALIFORNIA CANNERIES COMPANY,
Appellant,
vs.
DUNKLEY COMPANY (Now Known as MICHIGAN CANNING & MACHINERY COMPANY) and DUNKLEY COMPANY,
Appellees.

GRIFFIN & SKELLEY COMPANY,
Appellant,
vs.
DUNKLEY COMPANY (Now Known as MICHIGAN CANNING & MACHINERY COMPANY) and DUNKLEY COMPANY,
Appellees.

J. C. AINSLEY PACKING COMPANY,
Appellant,
vs.
DUNKLEY COMPANY (Now Known as MICHIGAN CANNING & MACHINERY COMPANY) and DUNKLEY COMPANY,
Appellees.

ANDERSON-BARNGROVER MANUFACTURING COMPANY,
Appellant,
vs.
DUNKLEY COMPANY (Now Known as MICHIGAN CANNING & MACHINERY COMPANY) and DUNKLEY COMPANY,
Appellees.

GOLDEN GATE PACKING COMPANY,
Appellant,
vs.
DUNKLEY COMPANY (Now Known as MICHIGAN CANNING & MACHINERY COMPANY) and DUNKLEY COMPANY,
Appellees.

J. F. PYLE & SON, INC.,
Appellant,
vs.
DUNKLEY COMPANY (Now Known as MICHIGAN CANNING & MACHINERY COMPANY) and DUNKLEY COMPANY,
Appellees.

HUNT BROTHERS COMPANY,
Appellant,
vs.
DUNKLEY COMPANY (Now Known as MICHIGAN CANNING & MACHINERY COMPANY) and DUNKLEY COMPANY,
Appellees.

SUNLIT FRUIT COMPANY,
Appellant,
vs.
DUNKLEY COMPANY (Now Known as MICHIGAN CANNING & MACHINERY COMPANY) and DUNKLEY COMPANY,
Appellees.

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APPELLANT'S OPENING BRIEF.

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APPELLANT'S OPENING BRIEF.

The appeals in these eight cases are to be heard upon one and the same record, by stipulation of the parties. The appeals are from the order of the United States District Court for the Northern District of California, entered August 22, 1921, granting the motion to add new party plaintiff, without setting aside or vacating the interlocutory decrees in said causes, or vacating or setting aside the injunctions.

STATEMENT OF FACTS.

The bills of complaint were filed in August, 1916, by the then sole plaintiff, — Dunkley Company, — a Michigan corporation having its principal place of business at Kalamazoo, Michigan.

The bills of complaint allege the grant to such Dunkley Company of the patent in suit, No. 1,104,175, on July 21, 1914, and that "ever since the issuance of said letters patent plaintiff has been and still is the sole owner and holder thereof and of all the rights thereby granted."

Defendants duly severally answered and the cases came on for trial on March 24, 1916, at San Francisco before the Honorable William C. Van Fleet, United States District Judge. After the testimony of witnesses had been offered upon behalf of the respective parties and the cause argued by counsel, an order was entered submitting the cause for determination. [Trans. Rec. p. 2.] This order of submission was made *April 5, 1916.* By the terms of the order the respective parties were allowed time within which to file briefs.

Thereafter, — on *December 4, 1916* — His Honor Judge Van Fleet, rendered an oral opinion finding the patent valid and infringed.

On *December 8 1916,* interlocutory decrees were entered finding the patent in suit valid, *the plaintiff the owner thereof,* and the several defendants infringers thereof. An injunction was decreed, together with a reference to a master to take and state an account of profits and damages.

Within the statutory period defendants perfected appeals from the decrees awarding such injunction. These appeals were heard in this court as one cause No. 2915 and were duly argued in this court at the May, 1917, term thereof. The transcript of record on appeal in such case is by stipulation made a part of the transcript of record on these appeals. [Trans. Rec. pp. 389-390.]

On *October 1, 1917,* this court rendered its opinion disallowing said appeals and affirming said interlocutory decrees (Central California Canneries Company v. Dunkley Company, 247 Fed. 790), and on said date entered its decrees of affirmance. A petition for rehearing was denied. A petition to the Supreme Court for certiorari was denied on *December 17, 1917.*

Through oversight the mandates of this court were not filed in the District Court until *May 22, 1918.*

During all of this time and through all of these recited proceedings and steps, each of these suits was prosecuted by said Dunkley Company as sole plaintiff under the original allegations of the bills of complaint

that it was the sole owner and holder of said letters patent and of all rights thereunder.

On *December 25, 1915,* this same Dunkley Company filed a bill of complaint against Pasadena Canning Company. This bill was filed at Los Angeles in the United States District Court for the Southern District of California. The defendant therein filed its answer on January 6, 1916.

By due proceedings had in accord with the laws of the state of Michigan on *January 27, 1916,* the name of the Dunkley Company (the original plaintiff), was changed to *Michigan Canning & Machinery Company.* [Trans. Rec. p. 3.] On this same date,—*January 27, 1916,*—there was duly organized under the laws of the state of Michigan a new, separate and distinct corporation but named *Dunkley Company.* [Trans. Rec. p. 3.]

The suit by Michigan Canning & Machinery Company (named in the bill of complaint Dunkley Company) against Pasadena Canning Company was not brought to trial until in 1918. The actual court trial commenced on *May 12, 1918.*

Prior thereto and on *April 11, 1918,* plaintiff filed a motion to dismiss said suit and accompanied said motion with the affidavits of S. J. Dunkley and John H. Miller (one of its counsel). Attached was a purported copy of an assignment dated *May 25, 1916,* executed by Michigan Canning & Machinery Company and granting to Dunkley Company (the new 1916 corporation): "the whole right, title and interest in and

to said improvement in machines for peeling peaches and other fruit, and in and to the letters patent therefor aforesaid; the same to be held and enjoyed by the said Dunkley Company for its own use and behoof and for the use and behoof of its legal successors and assigns to the full end of the term for which said letters patent are or may be granted, as fully and entirely as the same would have been held and enjoyed by it had this assignment and sale not been made."

Upon the filing of this motion to dismiss at Los Angeles in the Pasadena Canning Company case, defendants' counsel for the first time received an intimation that there had been an assignment of said patent by the original company. Relying upon the information thus given by the motion to dismiss, counsel for these defendants having ascertained that the mandates of this court in these suits (No. 2915 herein) had not actually been transmitted from the office of the clerk to the United States District Court for the Northern District of California, made a motion in this court for orders vacating the decrees affirming the decrees of the District Court, etc. This motion was filed in this court on *April 19, 1918.* (By stipulation the notice of motion and moving papers are made a part of the transcript of record on this appeal. Said papers were printed for the convenience of the court.) The sole showing on behalf of defendants in regard to said assignment was a certified copy of said motion to dismiss including therein the copy of said assignment

and of the articles of incorporation of the 1916 Dunkley Company and of the original plaintiff,—Dunkley Company,—and of the change of the name thereof on January 27, 1916, to Michigan Canning & Machinery Company.

At the hearing of this motion in this court, plaintiff's counsel represented to this court that this assignment of July 25, 1916, did not pass the entire title to the patent in suit to the new 1916 Dunkley Company.

Upon this *ex parte* showing, on behalf of defendants, *thus disputed by plaintiff,* this court denied defendants' motion to vacate this court's decree of affirmance, but properly reserved the whole matter for the determination of the District Court.

This court rendered no opinion or statement of its conclusions on this motion. Your Honors evidently took the view (and we believe properly), that as the facts and circumstances of assignment of the patent and its effect and the right of the original plaintiff to maintain these suits was *in dispute,* such disputed questions should be determined in the first instance in the trial court (the District Court) and not in this Appellate Court.

Your Honors on May 20, 1918, denied appellants' motion *but reserved the question for the original determination of and by the District Court* by adding to the mandates of this court the following reservation:

> "without prejudice to the right of the plaintiff-appellee herein to apply to the District Court for leave to make the Dunkley Company, or such other corporations or persons, as plaintiffs-appellees may contend is or are proper or necessary party plaintiffs to the action."

The motion to dismiss the Pasadena Canning Company case was denied. Thereupon in that case a supplemental bill was filed, defendant therein consenting thereto. Such supplemental bill made the new 1916 Dunkley Company a party plaintiff, also brought into the suit a process patent which had issued and also brought in George E. Grier as a party defendant. Defendants in that case answered the supplemental bill and on *May 12, 1918,* the trial of this Pasadena Canning Company case commenced before His Honor Judge Oscar A. Trippet.

The result of such trial was a decision by Judge Trippet that both of the Dunkley patents were void.

From the decree dismissing such Pasadena Canning Company suit plaintiffs appealed to this court. This appeal was heard and determined by this court on *October 29, 1919,* Dunkley Company v. Pasadena Canning Company, 261 Fed. 386. Plaintiffs petitioned for a rehearing, basing such petition particularly upon the ground that the opinion of the court did not discuss and decide all of the issues of the case. The issue in particular not discussed in the opinion was the validity of the patents. The issues of infringement in the case were the use by the Pasadena Canning Com-

pany of the *original Grier machine* and the use of the so-called "Pasadena Washer." These were two different forms of machines. Infringement by the Grier machine was conceded but it had been proven in the District Court and was adjudicated by Judge Trippet that George E. Grier invented such machine prior to the Dunkley invention. After the petition for rehearing had been denied by this court, an oral motion was made by the appellants and the matter of a rehearing was orally argued. On the submission of this argument this court, speaking through His Honor Circuit Judge Gilbert, said:

> "It occurs to the court that the only question here is whether or not a sentence in the opinion of this court should be corrected or modified, and that matter will be sent to the judge who wrote the opinion of this court on the merits of the case. *We were very firmly of the opinion that the decision of the court below should be affirmed.* The present motion will be denied. It is possible that the sentence in the opinion referred to may be corrected." (Italics supplied.)

The petition for certiorari to the Supreme Court of the United States was denied April 26, 1920.

On April 12, 1918, the 1916 Dunkley Company filed a bill of complaint against the California Packing Corporation in the United States District Court for the Southern District of California, alleging infringement by defendant of the Dunkley patent here in suit and of the Dunkley process patent. That bill of complaint

was signed by Mr. Fred. L. Chappell as counsel for plaintiff and verified by the affidavit of Mr. Dunkley. Mr. Chappell is shown by the record in these litigations to have been the attorney for the Dunkleys and Dunkley Companies since 1910 and in personal charge of all these matters. In this California Packing Corporation bill of complaint, the 1916 Dunkley Company alleged:

"VII. That by suitable instruments in writing the plaintiff herein has acquired the entire right, title and interest in and to the said letters patent No. 1,104,175 and 1,237,623, together with all rights to action and claims for damages, profits and costs, either at law or in equity against all persons, firms, or corporations by reason of any unlawful use of said inventions or infringement or any of the rights and privileges secured or intended to be secured by said two letters patent; wherefore, the plaintiff has been and now is the sole and exclusive owner of said inventions and letters patent and of all rights thereunder as by said original instruments in writing (duly recorded in the Patent Office of the United States) in court to be produced will more fully appear."

It is thus seen that in April, 1918, this 1916 Dunkley Company was asserting and Mr. Chappell, its attorney, was construing the entire title to these Dunkley patents to be in the 1916 Dunkley Company and that the old Michigan Canning & Machinery Company had no right, title or interest therein whatsoever.

On *October 14, 1918,* there was filed in these cases in the United States District Court for the Northern

District of California, the motion which resulted in the orders to be reviewed on these appeals. This motion appears in the transcript of record, pages 2-9.

The motion is made by plaintiff, *i. e.,* Michigan Canning & Machinery Company, formerly known as Dunkley Company. The prayer of the motion is that "the said new Dunkley Company may be made party plaintiff herein, as it is the chief party in interest and is this plaintiff after reincorporation with increased capital stock."

Appended to such motion is a prayer by the new Dunkley Company that "it may be made a party plaintiff herein and that it may be substituted in the place of the Dunkley Company herein." The motion is based upon an alleged assignment dated *July 9, 1918.*

If it be assumed for the purposes of argument that the title was on July 9, 1918, in this new Dunkley Company as asserted in this motion, then the new Dunkley Company was the only proper party plaintiff and the old plaintiff, now known as Michigan Canning & Machinery Company, had divested itself of all interest and these suits cannot be prosecuted jointly by the Michigan Canning & Machinery Company and the new Dunkley Company.

Defendants opposed this motion. In opposition they filed a complete copy of the "Transcript of Record on Appeal" in the Pasadena Canning case; the "Petition to the Supreme Court for Writ of Certiorari" therein, the briefs thereon; the "Transcript of Record on Appeal" in the case of "Dunkley Company v. California

Packing Corporation." Defendants also moved the court to request this court to permit the Honorable District Court to vacate and set aside the writ of injunction and every order, judgment and decree made in each of these cases, and grant a retrial, notwithstanding the mandate of this court. [Trans. Rec. pp. 10-16.]

Among the grounds of defendants' opposition to this motion was that the original plaintiff had completely divested itself *as early as July 25, 1916* of all right, title and interest in the subject matter in suit; that it no longer after *July 25, 1916* had any interest whatsoever in the suits; that at least as early as *July 25, 1916* the suits had abated because the plaintiff had divested itself of all interest therein and that all proceedings in the suit since *July 25, 1916* were nugatory and void; and that the injunctions and decrees must be set aside as plaintiff had no right to prosecute the suits or to any relief therein.

Another ground was that according to plaintiff's own motion the suits had abated on July 25, 1916, when the original plaintiff divested itself of the legal title to the patent; that thereafter the suits could not proceed because the necessary parties plaintiff were not before the court.

Hearing upon these motions was by consent suspended pending the final determination of the Pasadena Canning case and of the California Packing Corporation case.

On August 22, 1921, His Honor Judge Van Fleet rendered an opinion denying defendants' said motion and granting "that of plaintiff to add the new party." [Trans. Rec. pp. 279-297.] From this denial of the court to vacate the injunction and the granting of plaintiff's said motion, defendants appealed.

The Suits Now Defective by Reason of Misjoinder of Parties Plaintiff.

At the threshold we point out to the court that even under appellee's theory of procedure the suits are now defective and cannot be maintained because Michigan Canning & Machinery Company is not a proper party plaintiff and has no interest in the subject litigation; that the new Dunkley Company is the sole proper party plaintiff in interest. This is so elementary that it would not seem to require the citation of authority. An example of such authority, however, is the decision of the Circuit Court of Appeals for the Third Circuit in Pittsburg, S. & N. R. Co. v. Fiske, 178 Fed. 66:

> "Generally, when a complainant, suing in his own right and alone, parts *pendente lite* with his interest in the subject-matter of the litigation, he cannot further prosecute the suit."

We therefore submit that inasmuch as the original plaintiff has admitted that these suits are defective for want of proper parties plaintiff, the plaintiff's motion instead of curing such defect has on the contrary resulted in a misjoinder of parties plaintiff and the order appealed from must be reversed.

Under the Showing of Plaintiff's Motion, All Proceedings in These Suits Subsequent to July 25, 1916, Were Void, Nugatory and of No Effect.

Plaintiffs' motion shows that *the legal title* to the patent in suit was completely vested in the new 1916 Dunkley Company on July 25, 1916. There existed no right in the plaintiff Michigan Canning & Machinery Company to continue these suits as *sole* plaintiff after that date.

Waterman v. Mackenzie, 138 U. S. 252.

It is elementary that the holder of the legal title must be a party to the suit.

Bowers Hydraulic Dredging Co. v. Vare, 112 Fed. 63;

Excelsior Wooden Pipe Co. v. Seattle, 117 Fed. 140.

When, as admitted by plaintiff's motion, the original plaintiff assigned all the legal title to the patent in suit on July 25, 1916, to the new Dunkley Company, the latter became a necessary party plaintiff and the suit abated until the assignee was properly brought into the litigation as a party plaintiff.

These facts being undisputed the District Court should have set aside the interlocutory decrees and vacated the injunctions, as they were void.

On the showing made by plaintiff's own motion the suits abated prior to His Honor Judge Van Fleet rendering a decision. At the time of the entry of the

interlocutory decrees, the necessary parties plaintiff were not before the court.

Inasmuch as this court in its mandates reserved to the lower court the question of proper parties, defendants submit that this entire matter was referred to and reserved to the District Court for determination and should have been determined according to law and equity.

The Order of the District Court Was Erroneous. It Should Have Granted Leave to the New Dunkley Company to File a Supplemental Pleading Tendering Proper Issues Calling for an Answer by Defendants. The Effect of Such a Supplemental Pleading Would Have Been to Vacate and Set Aside the Interlocutory Decree, the Injunction and All Proceedings Since July 25, 1916.

Under equity practice before the new rules, an original bill in the nature of a supplemental bill was required to bring in an assignee of a sole plaintiff.

Under the new equity rules, while names and form have become immaterial, all substantial matters of substance remain unchanged. A common example of this is that although "demurrers" and "pleas" are abolished and a "motion to dismiss" substituted, thus avoiding matters of form, certificates of counsel, affidavits that such demurrers or pleas are not interposed merely for the purpose of delays, etc., the legal substance remains the same and unaffected.

Unquestionably under the former equity rules a mere motion to substitute an assignee of a sole plaintiff would have been insufficient. *An original bill in the nature of a supplemental bill would have been required.* And defendant would have been required to answer thereto. Thus presenting the issues of law and fact.

We submit that a mere motion is insufficient under the new rules. A supplemental pleading is required. Such supplemental pleading must contain the allegations upon which the alleged transfer of interest is based. Defendant has a right to his day in court upon such allegations. Pleadings are required to make up such issues. Where a mere motion is filed and the court proceeds as did the District Court the defendant is foreclosed of its opportunity of cross-examining witnesses and of producing witnesses in its behalf. It is denied its day in court.

We submit that Equity Rule 34 is a direct recognition that a mere motion is insufficient; that a supplemental pleading is required; and that such supplemental pleading must be in substance that which is required under the old equity practice in an original bill in the nature of a supplemental bill. Equity Rule 34 is as follows:

> "34. SUPPLEMENTAL PLEADING. Upon application of either party the court or judge may, upon reasonable notice and such terms as are just, permit him to file and serve a supplemental pleading, alleging material facts occurring after his former pleading, or of which he was ignorant when

> it was made, including the judgment or decree of a competent court rendered after the commencement of the suit, determining the matters in controversy or a part thereof."

In Kryptok Co. v. Haussmann & Co., 216 Fed. 267, the court required a supplemental bill, the second syllabus reading:

> "Where matters, sought to be brought into the pleadings, have occurred since the filing of the original bill, they must be brought in by supplemental bill and not by amendment."

By the procedure adopted by the District Court, defendants are foreclosed, for example, against hearing an adjudication of the assertion of plaintiff's motion that the new Dunkley Company is the old Michigan Canning & Machinery Company after reincorporation with increased capital stock. Defendants assert that it is an entirely separate and distinct corporation.

Furthermore, defendants assert and will prove by proper testimony of witnesses (when given the rightful legal opportunity at trial), that on *July 25, 1916,* the new 1916 Dunkley Company became vested with every part and parcel of interest theretofore owned by the original plaintiff in the patent in suit and every right of action arising thereunder.

It is to be noted that plaintiff's motion was based upon "the depositions of Henry W. Hardy, W. F. Burrows and Henry Veeder" taken in the Pasadena Canning case. These depositions are reproduced in the

Printed Transcript of Record on Appeal in the Pasadena Canning case, which is a part of the transcript of record on appeal herein by stipulation. These depositions will be found in volume II of such transcript, pages 493-549. The testimony of these witnesses shows that on *May 27, 1915,* an agreement in writing was entered into between W. F. Burrows and S. J. Dunkley. It appears that Mr. Burrows was acting on behalf of Libby, McNeil & Libby and on behalf of the new corporation to be formed. A written agreement was entered into, which appears in volume III of the Printed Transcript of Record on Appeal of the Pasadena Canning case, pages 936-943, in connection with the testimony of Phillip Larmon. By the terms of this agreement the original plaintiff agreed to deliver and place Mr. Burrows "in possession of all of the assets, rights and property of every name, nature and character belonging to said Dunkley Company, a corporation." [Pasadena Canning Company case, printed Trans. of Rec. p. 937.] The new corporation to be formed and known as Dunkley Company was "to take over and acquire all of the assets and property and rights of every character and nature, of and belonging to said Dunkley Company, in accordance with the terms of this contract; to discharge all the obligations and liabilities of said Dunkley Company, * * *" [p. 939].

The patent in suit is particularly and specifically enumerated in the list of patents to be transferred. [P. 944.]

The testimony of Messrs. Hardy, Burrows, Veeder and Larmon conclusively shows that prior to July 25, 1916, the new Dunkley Company did take over and take control of all of the assets and property of the old plaintiff and did assume its obligations.

The rights of action for past infringement of the letters patent in suit were one of the choses in action which were those transferred to the new Dunkley Company so that on July 25, 1916, such new Dunkley Company owned absolutely all the patent in suit and all of the rights ever theretofore owned, in such patent or arising out of such patent, by the original plaintiff.

This is not simply the construction placed upon this testimony by defendants' counsel. On the contrary, it is the construction placed upon the facts by plaintiff's counsel. In the case of Dunkley Company v. Pasadena Canning Company on the motion to dismiss, there was presented the affidavit of S. J. Dunkley. [Trans. Rec. on Appeal, Pasadena Canning case, pp. 70-73.] In this affidavit Mr. Dunkley states:

> "Thereafter, to wit, on or about July 25th, 1916, the said Michigan Canning & Machinery Company (being the plaintiff herein after the change of its name from Dunkley Company as aforesaid) by an instrument in writing duly executed and acknowledged, sold, assigned and transferred the whole right, title and interest in and to the said letters patent, No. 1,104,175 of July 21, 1914, being the patent sued on, to the said new Dunkley Com-

pany, which was incorporated on or about the 12th day of January, 1916, as hereinabove alleged. The said assignment was duly recorded in the Patent Office of the United States on September 21, 1916, in Liber Q 101, page 59, of Transfers of Patents, *and ever since said assignment the said new Dunkley Company has been and is now the sole owner and holder of the said letters patent and of all the rights, liberties and privileges by them granted.* A copy of the said assignment is hereunto annexed and marked 'Exhibit C.'

"By virtue of the premises the old Dunkley Company, plaintiff in this case, now known as the Michigan Canning & Machinery Company, *has ceased to have any right, title or interest in the patent sued on or the cause of action sued on,* and no longer has any cause of action against the defendant herein, in respect of the matters alleged in the bill." (Italics supplied.)

Plaintiff's attorneys knew of this assignment prior to the trial of these cases. See testimony of Henry Veeder, Pasadena Canning Company, Record, page 544.

While the assignment of the legal title to letters patent must be in writing, there is no requirement that an assignment of the chose in action arising from past infringement of a patent, be in writing. On the contrary the law of the state prevails. It is the general rule that an assignment of a chose in action by parol is legal and effective.

Hooker v. Eagle Bank, 30 N. Y. 83;
Draper v. Fletcher, 26 Mich. 154;
Speers v. Willis, 151 N. M. 443;

Seymour v. C. Aultman & Co., 109 Iowa 297, 80 N. W. 401;
Throop Grain Cleaner Co. v. Smith, 3 How. Pr. (N. S.) 290;
Roberts v. First Nat'l Bank, 18 N. D. 474, 79 N. W. 993;
Brokaw v. Brokaw's Ex'rs. (N. J.) 4 Atl. 66;
McConaughey v. Bennett's Ex'rs., 50 W. Va. 172, 40 S. E. 540;
Macklen v. Knealy, 141 Mo. 113, 41 S. W. 893;
Tatum v. Ballard, 94 Va. 370, 26 S. E. 87;
Albert Wilt v. Huffman, 46 W. Va. 473, 33 S. E. 279.

The right to recover for past infringement of a patent is a "chose in action."

32 Cyc. 679.

Defendants submit that under the agreement for the organization of the new 1916 Dunkley Company and the execution by the latter of the terms of such agreement, by its performance thereof, by its taking over all the assets and assuming all the liabilities of the original plaintiff, as testified by the witnesses, a complete transfer by parol and a taking into possession of the new Dunkley Company of the choses in action for past infringement of the patents in suit is shown. This being the case then when the written instrument of assignment was on July 25, 1916, delivered to the new Dunkley Company it was put in possession of and owned both the legal title to the patent in suit and all

rights of action for past infringement. Nothing was left in the old plaintiff and it ceased to have any right to prosecute or interest in this litigation.

Equity will regard the agreement between the original plaintiff and the new Dunkley Company with regard to the transfer of all its assets, including patents and causes of action for past infringement, as fully executed, for the purpose of determining who are indispensible parties.

> Wheeler v. McCormick, 29 Fed. Cases No. 17,499.

The Abatement of the Suits by Transfer of Interest of Plaintiff Rendered All Proceedings Subsequent to July 25, 1916, Nugatory.

The Circuit Court of Appeals for the Second Circuit (Circuit Judges Wallace, Lacombe and Coxe), in the leading case upon this subject, Automatic Switch Co. v. Cutler-Hammer Mfg. Co., 147 Fed. 250, says:

> "After the Circuit Court had filed its opinion, and before the decree was signed, defendant on March 27, 1905, suggested the existence of an assignment which it contended operated to abate the action and prayed for a dismissal of the bill or for such other relief as might seem equitable, just and proper. Nevertheless, on April 20, 1905, the Circuit Court denied the motion and signed the decree. No discussion of this point is found in the record. Quite possibly the court thought it best that its decision on the merits should be embodied

in a decree, and that the technical point thus raised should be reserved for the appellate tribunal. It seems to be controlling of the disposition to be made of this appeal. The bill of complaint was filed July 2, 1901. On July 10, 1902, the complainant, sole complainant, executed an assignment to the Otis Elevator Company. This document, after reciting that the Automatic Switch Company 'are now the sole owners of * * * the said patent and invention and * * * all rights thereunder,' in consideration of $5 and other valuable considerations sold, assigned, transferred, and set over to the said Otis Elevator Company, its successors and assigns, 'the entire right, title and interest which we have or may have in, to and under the aforesaid letters patent, invention and improvement and any reissues or extensions of said letters patent granted or to be granted throughout the United States and the territories thereof,' and also 'any and all claims or demands for damages and profits accrued or to accrue for past or any use of said improvements or invention without right or license, with the right to use our name in legal proceedings and to sue for and recover all such damages and profits.' By this conveyance the switch company stripped itself of every right, title, and interest to, in, and under the patent—nothing was left to it. The assignment states that it is agreed between the switch company and the Otis Company that in the event of the patent being sustained by the Court of Appeals in the suit at bar the Otis Company would pay an additional consideration of $2,000. That agreement gave the switch com-

pany no legal or equitable interest in the patent. It was further agreed that the Otis Company should pay all subsequent expenses of the litigation, and that the switch company should devote its best energies to pushing the suit to a final determination under the supervision and direction of the Otis Company. This agreement in no wise changed the mutual relations of the parties to the assignment." (Quotation continued on insert A)

A.

"The effect of this assignment was to abate the suit. If a sole plaintiff, suing in his own right, assigns his whole interest to another, he is no longer able to prosecute the suit because he is without interest in the litigation. It is unnecessary to refer to any authorities in addition to those cited in our opinion in Ecaubert v. Appleton, 67 Fed. 917, 15 C. C. A. 73. The suit is completely suspended and cannot be proceeded in till it is revived, and all orders and proceedings pending such abatement will be considered nugatory. After such an abatement, i. e., one caused by assignment of plaintiff's whole interest, the successor in interest, claiming by a title which may be litigated, may revive the suit by an original bill in the nature of a supplemental bill. Of such a bill Story says:

" 'But in the other case (an original bill in the nature of a supplemental bill) a new defense may be made. The pleadings and depositions cannot be used in the same manner, as if filed or taken in the same cause; and the decree, if any has been obtained, is not otherwise of advantage than as it may be an inducement to the court to make a similar decree.' Equity Pleading (9th Ed.) 384.

(Over)

in a decree, and that the technical point thus raised should be reserved for the appellate tribunal. It seems to be controlling of the disposition to be made of this appeal. The bill of complaint was filed July 2, 1901. On July 10, 1902, the complainant, sole complainant, executed an assignment to the Otis Elevator Company. This document, after reciting that the Automatic Switch Company 'are now the sole owners of

> "From the execution and delivery of the first assignment till after the filing of the opinion in the Circuit Court, a period of nearly three years, the litigation was being conducted by a person who had no interest in the patent or in any claim arising under the patent. Under all the authorities such proceedings were nugatory. The defendant was entitled to have the controversy conducted, not by a stranger, but by the owner of the patent and of the claims for profits and damages, and all the testimony taken in such a moot case may be disregarded, and any orders made during such period may be discharged."

pany no legal or equitable interest in the patent. It was further agreed that the Otis Company should pay all subsequent expenses of the litigation, and that the switch company should devote its best energies to pushing the suit to a final determination under the supervision and direction of the Otis Company. This agreement in no wise changed the mutual relations of the parties to the assignment." (Quotation continued on insert A)

The Circuit Court of Appeals for the Third Circuit (Circuit Judges Gray and Lanning and District Judge McPherson) in Pittsburgh, S. & N. R. Co. v. Fiske, 178 Fed. 66, says:

"Generally, when a complainant, suing in his own right and alone, parts *pendente lite* with his interest in the subject-matter of the litigation, he cannot further prosecute the suit. It then becomes so defective that, for further prosecution, his grantee or assignee must by appropriate procedure come into the suit, to the end that the complainant on the record shall be one who has a real interest. *The usual procedure in such a case is by an original bill in the nature of a supplemental bill.* 3 Dan. Ch. Pl. & Pr. (1st Am. Ed.) 1663, 1664; Story's Eq. Pl. § 349; Beach's Modern Eq. Pr. § 481; 1 Foster's Federal Practice, § 186. Equity Rule 57 recognizes this practice by providing that, whenever a suit in equity becomes defective from any event happening after the filing of the bill, leave may be granted to file a supplemental bill, or a bill in the nature of a supplemental bill. * * * But in Fulton v. Greacen,

44 N. J. Eq. 443, 15 Atl. 827, Vice Chancellor Van Fleet said:

" 'The principle is elementary that a complainant, suing in his own right and alone, cannot, after he has parted with his whole interest in the subject-matter of the litigation, further prosecute the action.' * * *

"In Brewer v. Dodge, 28 Mich. 359, the bill was dismissed. On appeal, the Supreme Court of Michigan said:

" 'It appears from complainant's own showing that in June, 1870, he conveyed the premises in dispute to one Charles E. Ritson. Ritson never made himself a party to the suit. By that conveyance complainant ceased to have any further interest in the controversy. If any one was injuriously affected by any subsequent proceedings, it was Ritson, and not complainant. It was no concern of his, after he had sold out all his interest. A court of equity must have the real parties before it, and will not permit a party who has voluntarily divested himself of any claim on his own behalf to continue litigating. *As soon as a complainant assigns his rights, the suit as to him ceases, and becomes as defective for want of a complaint as if it had abated by his death. It can only be restored to activity by bringing the rights of the assignee before the court.* Webster v. Hitchcock, 11 Mich. 56; Perkins v. Perkins, 16 Mich. 162. The complainant, therefore, was a mere interloper, after the date of his deed, and has no right to complain that his bill was dismissed. He had put himself out of court so far as any rights were concerned. The controversy

was no longer his controversy, and the right to pursue it had been terminated as to him by his own act. He could not proceed alone, except for his sole grievances. Whether the decree would have been right or wrong if he had retained his interest, it was unquestionably right to dismiss the bill when the complainant had no interest. He was in the same position then as if his bill had shown on its face that the interest had been parted with before the commencement of suit.'" (Italics supplied.)

In Tappan v. Smith, Fed. Cas. No. 13,748, it is said:

"Where a sole plaintiff, suing in his own right, assigns his whole interest to another, the plaintiff being no longer able to prosecute for want of interest, and his assignee claiming by a title which may be litigated, the benefit of the proceedings cannot be obtained by a supplemental bill, but must be brought by an original bill in the nature of a supplemental bill. Mitf. Eq. Pl. 65. In 2 Daniell, Ch. Pl. & Prac. 1518, the same position is quoted from Lord Redesdale, and the reason for the distinction between a supplemental bill and a bill in the nature of a supplemental bill is there given. In the first case the original suit may proceed after the supplemental bill has been filed, in the same manner as if the original plaintiff had continued such, except that the defendant must answer the supplemental bill, and either admit or put in issue the title of the new plaintiff; but in the case of an original bill in the nature of a supplemental bill, the whole case is open."

In Hoxie v. Carr, Fed. Cas. No. 6,802, Circuit Justice Story says:

> "The general rule, that all persons in interest must be made parties before a decree, is clearly applicable to the present case. But the omission of such parties is no necessary cause of abatement of the suit. *That can arise only from matters subsequent to the bill.* It may be ground, at the hearing, for a dismission of the bill without prejudice for want of proper parties, or for an order, that the bill shall stand over to make new parties, with leave to file a supplemental bill. See Coop. Eq. Pl. pp. 63, 64, 73-75, c. 1. § 4; *Id.* p. 214, c. 3, § 4; Goodwin v. Goodwin, 3 Atk. 370; Whitcomb v. Minchin, 5 Madd. 91; Foster v. Deacon, 6 Madd. 59; Bishop of Winchester v. Beaver, 3 Ves. 314. *As to the conveyance of the plaintiff, as well as the sheriff's deeds executed pendente lite, if they had disposed of all the rights of the plaintiff, there would certainly have been an end to his bill for a total defect of merits; for it is very clear that no party can stand before the court for a decree, who has no farther interest in the suit, either formal or real.* Coop. Eq. Pl. p. 166, c. 3. § 2; *Id* p. 196, § 3; *Id.* pp. 210-212, § 4; Harris v. Pollard, 3 P. Wms. 348; Benfield v. Solomons, 9 Ves. 77. And where the interests of new parties intervene, *pendente lite,* having derivative titles under the plaintiff, there the suit *may abate or become defective.* (Coop. Eq. Pl. pp. 63, 64, 76, 77, c. 1, § 4; 1 Cooke, Bank. Laws, 4th Ed., p. 558, c. 14, § 3; Williams v. Kinder, 4 Ves. 387); though it would, or might be different in the case of derivative titles under the defend-

ant, *pendente lite* (Bishop of Winchester v. Paine, 11 Ves. 194; Metcalfe v. Pulvertoft, 2 Ves. & B. 200). But the nature of an abatement in equity seems to have been misunderstood at the argument. It is not, necessarily, a destruction of the suit, like an abatement at law, where a judgment, *quod cassetur,* is entered. It is merely an interruption to the suit, suspending its progress, until the new parties are brought before the court; and if this is not done at a proper time, *the court will dismiss the suit.* Coop. Eq. Pl. pp. 63, 64, 74-77, c. 1, § 4; Brown v. Higden, 1 Atk. 291; Williams v. Kinder, 4 Ves. 387; 1 Hov. Supp. p. 344, note to case, 4 Ves. 387; Anon., 1 Atk. 89; *Id.,* 263, and note of Sanders. But in any case of a purchase, or transfer of interest, *pendente lite,* the proper parties may be brought before the court. Coop. Eq. Pl. pp. 76, 77, c. 1, § 4; Merywether v. Mellish, 13 Ves. 161. So that the question is brought to this, whether the present cause shall stand over for the purpose of allowing a supplemental bill to be filed by or against the purchasers." (Italics supplied.)

In Ross v. City of Ft. Wayne, 63 Fed. 466, the Court of Appeals for the Seventh Circuit (Circuit Judges Woods and Jenkins and District Judge Seaman) discusses the question of the effect of an assignment by the sole complainant of all his interest in the patent in suit in equity and says (pp. 470-1):

> "But if a sole complainant suing in his own right is deprived of his whole interest, as in the case of bankruptcy, or if he assigns his whole in-

terest to another, he is no longer able to prosecute the suit, for want of interest, and the assignee may be made complainant in his stead; but, as the title of the latter may be litigated, the substitution must be accomplished by means of an original bill in the nature of a supplemental bill. *Id.* § 349; 2 Daniell, Ch. Pl. & Pr. c. 33."

Circuit Judge Kohlsaat in George W. Jackson, Inc., v. Friestedt Interlocking Channel Bar Co., *et al.,* 159 Fed. 496, holds that where a complainant assigns his right under a patent pending suit for its infringement the assignee must file an original bill in the nature of a supplemental bill, citing 21 Encyclopedia of Pleading and Practice, 39.

In Vigneron v. Auto Time Saver Repair Kit Co., 171 Fed. 580, Circuit Judge Lowell discusses the difference in effect between a supplemental bill and an original bill in the nature of a supplemental bill, holding that upon filing an original bill in the nature of a supplemental bill *the complainants must take proofs anew.*

In Campbell v. City of New York, 35 Fed. 14, Judge Wallace holds that where the complainant in an original bill has, since bringing the suit, parted with his whole interest in the subject-matter, and those for whom he was trustee have transferred their whole interest in the subject-matter to A, and the title to any sum of money which may be recovered in the suit has by these transfers become vested in A., the remedy

of A. is by an original bill in the nature of a supplemental bill, and not by a supplemental bill.

We submit upon the authority of the foregoing decisions that:

1. The original plaintiff had divested itself of all interest in the litigation prior to decision in the District Court, the suits stood abated and the interlocutory decrees and all proceedings thereafter were null and void and of no effect.

2. That the plaintiffs are not in a position to ask the court to relieve them from the effect of this assignment. The officers of these corporations and their counsel had full knowledge of these assignments and transfers and concealed them. The deposition of Mr. Veeder shows that the matter was considered. There would be no equity in now permitting plaintiffs to be relieved from the legal effect of plaintiffs' own deliberate action.

Especially is this true when plaintiffs now seek to bind the defendants by a technical rule to prevent equity and justice being done in this litigation.

The patent in suit has been held void in the Pasadena Canning Company case.

The record in that case shows that injustice has been done these defendants by the misrepresentations and concealments on behalf of the plaintiffs in these cases. These matters are considered and briefed in detail by defendants in their brief on defendants' motion for leave to file a bill in the nature of a bill of review.

We shall not, therefore, discuss this new evidence or the change of testimony of plaintiffs' witnesses on vital and material matters fully or in detail herein, but request Your Honors to consider the discussions of these questions as the same appear in defendants' brief upon said motion for leave to file an original bill in the nature of a bill of review in these cases.

Defendants submit that no court of equity would consider relieving plaintiffs from the effect of their deliberate concealment of the transfer of interest pending suit and at the same time bind defendants by a strict technicality preventing a new trial and the substantial determination of the litigation upon its real merits.

Conclusion.

Defendants, therefore, submit that the order appealed from should be reversed and the cause remanded with instructions to set aside the interlocutory decrees and vacate the injunctions for each of the following reasons:

1. Assuming solely the facts as appearing upon the face of plaintiffs' motion, these suits abated on July 25, 1916, when the legal title to the patent in suit was transferred to the new Dunkley Company; therefore, the indispensible parties plaintiff were not before the court and all proceedings thereafter were void.

2. That as a matter of fact the new Dunkley Company was the exclusive owner and holder and in pos-

session on July 25, 1916, of the legal title both to the patent in suit and all rights of action involved in these cases and the original plaintiff had divested itself of any interest in this litigation; the suits had therefore abated and all proceedings thereafter were void and nugatory and of no effect whatever.

3. That regardless of what the pleading be called under the new equity rules, the new Dunkley Company is the only party plaintiff entitled to prosecute suits for infringement against these defendants; that it must file in the District Court a suitable supplemental pleading alleging the facts of transfer, etc.; that the effect of such supplemental pleading will be identically the same as filing "an original bill in the nature of a supplemental bill" as technically named under the old rules; to wit, to set aside all proceedings after the assignment and transfer and to require a trial of the cases upon their merits (in accordance with the foregoing authorities), after issues joined upon such supplemental pleading.

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